



REPORT TO THE NORTH WALES ECONOMIC AMBITION BOARD

22/09/2023

Title: 2023/24 Revenue and Capital Budget – End of August 2023 Review.

Author: Dewi A Morgan, Host Authority Head of Finance (Statutory Finance Officer)

Sian Pugh, Host Authority Assistant Head of Finance

1. Purpose of the Report

- 1.1 This report intends to provide the North Wales Economic Ambition Board (NWEAB) with details of the actual revenue expenditure and income up to the end of August 2023, as well as projected full year out-turn against its annual budget. It also shows the revised proposed capital programme as at the end of August 2023.
- 1.2 In order to operate effectively, the Joint Committee needs to be aware of its projected expenditure position against its approved annual budget.

2. Decision Sought

The Board is asked to:-

- 2.1 Note and accept the NWEAB's revenue end of August 2023 review (Appendix 1).
 - 2.2 Note and accept the NWEAB's reserves update (Appendix 2).
 - 2.3 Agree the NWEAB's revised capital expenditure profile (Appendix 3).
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3. Reasons for the Decision

- 3.1 To note a forecast underspend of £266,683 against the revenue budget in 2023/24 which is mainly due to the PMO's success with their regional Shared Prosperity Fund application. The final underspend at the end of the financial year will be used to reduce the amount claimed from the growth deal grant and the earmarked reserve.
- 3.2 To note a further slippage on the capital programme, with an estimated expenditure of £7.13m in 2023/24 compared to an approved budget of £11.25m for the year.

4. Background and Relevant Considerations

- 4.1 The NWEAB in its meeting on 24 March 2023 approved its 2023/24 revenue and capital budget.
- 4.2 The budget will continue to be monitored and reviewed throughout the 2023/24 financial year, and the third quarter review will be presented to the Portfolio Board and the NWEAB in January 2024.

Revenue

5. Expenditure and income in 2023/24

- 5.1 Appendix 1 provides a detailed analysis of the actual expenditure and income up to the end of August 2023, together with projected full year out-turn against its annual budget.
- 5.2 The net out-turn position at the end of the 2023/24 financial year is forecasted to be an underspend of £266,683.
- 5.3 The one-off virement of £148,000 was approved by the Board in May 2023 as part of the out-turn report for 2022/23.

Portfolio Management Office

- 5.4 The £42,000 net overspend that is forecasted for the Programme Management Office will be mainly funded from the North Wales Corporate Joint Committee income that is received for staff secondment and is shown in the income section.

Accountable Body Support Services

- 5.5 The expenditure under the Accountable Body Support Services heading is expected to be within the budget for 2023/24.

Joint Committee

- 5.6 There's an underspend of £5,000 on the Joint Committee heading and this is on the External Financial Fees.

Projects

- 5.7 The Projects heading shows a net underspend of £44,504, and this is due to slippage on the capital programme.

Grant schemes

- 5.8 The expenditure under this heading includes external consultant fees as well as an internal support team to deliver the Local Area Energy Plans, and this expenditure is funded by a specific grant from Welsh Government.

Funding Contributions

- 5.9 The income streams for 2023/24 include partner contributions, ESF Grant, the revenue allocation of the North Wales Growth Deal (NWGD) grant, The North Wales Corporate Joint Committee (staff secondment), Welsh Government Energy grant, UK Shared Prosperity Fund and the earmarked reserve.
- 5.10 The final ESF grant claim has now been completed and this was for the expenditure incurred to the end of June 2023.
- 5.11 The PMO's success with their regional Shared Prosperity Fund application has resulted in an estimated surplus at the end of the year. Therefore, rather than drawing down the £1,022,000 budgeted amount from the growth deal and £274,100 from the earmarked reserve, it is suggested that a reduced amount is claimed (with the exact figure to be finalised at year end) which would then leave a neutral position for the Board for the year.

NWEAB Reserves

- 5.12 Appendix 2 shows the opening reserve balances for the year, and the estimated balances at 31 March 2024.
- 5.13 The total general earmarked reserve balance at 31 March 2023 was £552,027, and £274,100 of this reserve has been allocated in the 2023/24 budget to give an estimated balance of £277,927 at 31 March 2024.
- 5.14 The projects reserve balance at 31 March 2023 was £152,300.
- 5.15 The interest reserve is ringfenced to fund the cost of borrowing in future years. Its balance at 31 March 2023 was £1,667,882, and the partner interest contributions of £251,040 for 2023/24 will be added to the reserve to give an estimated balance of £1,918,922 at 31 March 2024. The interest on this reserve balance as well as interest on the capital grant will be added at the end of the financial year. Due to the capital grant balance of around £50m as well as the increase in interest rates over recent months, this will be over £2m for this year.

Capital

- 5.16 Appendix 3 shows the revised proposed capital programme as at the end of August 2023, and it includes the five replacement projects (Responsible Adventure, Kinmel Studios, Deeside Waste to Fuel, Holyhead Hydrogen Hub and Wrexham Gateway) that were approved by the Board in July 2023. It also shows that the growth deal grant allocated to fund revenue expenditure is £5.15m (2.15%). The Board approved in May 2023 to increase the allocation from 1.5% to 2% and then a further increase to 2.15% was approved by the Board in July 2023.
- 5.17 There is a £4.12m reduction in the anticipated expenditure for 2023/24 and this is due to slippage on three projects (Connecting the last few percent, Holyhead Gateway and Former North Wales Hospital).
- 5.18 Based on this revised expenditure profile, the growth deal grant will be sufficient to finance the capital programme for the first three years, with no external borrowing needed until 2024/25. This is also based on the PMO continuing to receive the annual income of £20.4m from the growth deal grant.

6. Staffing Implications

- 6.1 As a result of numerous vacant posts during recent months as well as their success with the regional Shared Prosperity Fund application, the PMO are now reviewing their staffing structure. The estimated out-turn position for 2023/24 reflects the recruitments that are expected to take place over the coming months.

7. Consultations Undertaken

- 7.1 The appendices of this report, were presented to the Portfolio Board on 8 September 2023.

8. Appendices

Appendix 1 – 2023/24 North Wales Economic Ambition Board’s Revenue Budget – End of August 2023 Review

Appendix 2 – NWEAB’s Reserves

Appendix 3 – 2023/24 North Wales Economic Ambition Board’s Capital Budget – End of August 2023 Review

STATUTORY OFFICERS’ RESPONSE:

i. Monitoring Officer – Accountable Body:

No observations to add in relation to propriety.

ii. Statutory Finance Officer – Accountable Body:

Author of this report.